



# Health Insurance Premium Payment (HIPP)

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## Purpose

The purpose of the Health Insurance Premium Payment program is to reduce Medicaid costs by obtaining private health insurance for Medicaid-eligible people when it is cost effective to do so.

## Who

HIPP serves Medicaid-eligible people who have health insurance available either through an employer group plan or through an individual policy. If it is cost-effective to do so, HIPP pays the premiums.

In SFY 10, the HIPP program served 3,635 Medicaid eligible people, plus an additional 4,304 family members. The total served was 7,939. This is 152 fewer than in SFY 09.

## What

- HIPP pays the employee's share of the cost of enrolling in an employer's group health plan or the cost of an individual plan, assuming the cost to do so is less than the cost of Medicaid. Savings result because private insurance becomes the primary payer of medical care and Medicaid the secondary payer.
- Medicaid continues and pays the co-insurances and deductibles for Medicaid eligible persons.
- When family coverage plans are purchased to provide coverage to Medicaid-eligible family members, other family members may also be covered. This results in decreasing the state's overall uninsured rate at no additional state cost.
- The HIPP unit evaluates about 1,160 referrals a month.

## How are We Doing?

- The HIPP program has a significant return on investment. It reduced Iowa Medicaid costs by an estimated \$10 million (total state and federal) in SFY 10.
- Growth in the HIPP program has stalled because the cost of insurance in the private sector continues to increase at a rate higher than rates paid to Medicaid providers. As a result, fewer plans are being determined cost-effective.